

Agenda Packet

COMMUNITY DEVELOPMENT AGENCY

Monday, April 3, 2023
5:15 p.m.

Created 3/30/2023 3:14 PM

Notice of Meeting
Community Development Agency

The Community Development Agency will meet on Monday, April 3, 2023 at 5:15 p.m. at the City Council Chambers, 309 N. 5th St., Norfolk, Nebraska.

The Agency reserves the right to adjourn into closed session as per Section 84-1410 of the Nebraska Revised Statutes.

An agenda for such meeting, kept continuously current, is available at the office of the City Administrator, City of Norfolk, 309 N 5th St, Norfolk, Nebraska, during normal business hours.

Brianna Duerst
Norfolk City Clerk &
CDA Secretary

Publish (March 29, 2023)
1 P.O.P.

COMMUNITY DEVELOPMENT AGENCY

AGENDA

April 03, 2023

Call to Order

1. Call meeting to order
2. Inform the public about the location of the Open Meeting Act posted in the City Council Chambers and accessible to members of the public.
3. Roll Call

Action Items/Discussion Items

- | | |
|---|--------------------------|
| 4. Approve Agenda | Motion |
| 5. Approve the minutes of the March 6, 2023 Agency meeting. | Motion |
| 6. Consideration of Resolution No. 2023-6 recommending approval of the Redevelopment Plan for the Kensington Building Redevelopment Project and authorization to forward to the City Council. | Resolution 2023-6 |
| 7. Consideration of acceptance of the Redevelopment Plan for the Phillip Avenue Apartments Redevelopment Project and authorization to forward to the Planning Commission for Recommendation. | Motion |

STAFF MEMORANDUM
COMMUNITY DEVELOPMENT AGENCY

April 03, 2023

Call to Order

1. Call meeting to order
2. Inform the public about the location of the Open Meeting Act posted in the City Council Chambers and accessible to members of the public.
3. Roll Call

Action Items/Discussion Items

4. Approve Agenda **Motion**
5. Approve the minutes of the March 6, 2023 Agency meeting. **Motion**

See Enclosure 5.
6. Consideration of Resolution No. 2023-6 recommending approval of the Redevelopment Plan for the Kensington Building Redevelopment Project and authorization to forward to the City Council. **Resolution 2023-6**

On January 30, HCI Real Estate submitted a TIF application for the Kensington building. On February 21 the Economic Development Subcommittee reviewed the application and voted unanimously to move forward with acceptance of a Redevelopment Plan for this project. At the March 6 Community Development Agency meeting, the Agency accepted the Redevelopment Plan for this project and forwarded to the Planning Commission for review and recommendation. The Planning Commission held a hearing on this Plan at their March 21 meeting, and recommended approval of the plan on a 8-0 vote.

Enclosed in the agenda packet is the Redevelopment Plan for the Kensington Building Redevelopment Project. The Project Site is approximately 1 acre located at the NW corner of Norfolk Avenue and 4th Street in Downtown Norfolk. The Redevelopment Project will consist of the restoration and redevelopment of the Kensington into a boutique hotel with approximately 62 rooms, restaurant, meeting space, a fitness room, and a business center.

Redeveloper intends to purchase the property from the Norfolk Housing Agency and renovate for use as a hotel with work done to preserve the historic façade. North 4th Street, in front of the building, will be reconfigured to include a drop-off lane. Additionally, there will be changes to traffic controls, landscaping and streetscape improvements, improvements to sidewalks, curb and gutter. Total TIF-eligible costs are expected to be over \$2.6 million with total project costs is expected to be over \$14 million.

The Redeveloper is requesting TIF of \$1,950,000. The Project is not economically feasible without TIF. Without TIF, projected return on the project ranges from -.7% to 6.4%, over the first five years. With TIF, the projected return on the project ranges from -1.2% to 10.3%, over the first five years.

See Enclosure 6.

7. Consideration of acceptance of the Redevelopment Plan for the Phillip Avenue Apartments Redevelopment Project and authorization to forward to the Planning Commission for Recommendation. **Motion**

On January 17, Phillip Avenue Apartments, LLC submitted a TIF application for property located at the NE corner of Phillip Avenue and 5th Street. On February 21, the Economic Development Subcommittee reviewed the application and voted unanimously to move forward with acceptance of a Redevelopment Plan for this project.

Enclosed in the agenda packet is the Redevelopment Plan for the Phillip Avenue Apartments Redevelopment Project. The Project Site is approximately .8 of an acre of land with paved and non-paved surfaces and a vacant building. The Redevelopment Project will consist of demolishing the building and removal of the surfaces to build a 30-unit apartment complex on the property including green space. It is anticipated that this project will provide housing for Wayne State students participating in the Growing Together Initiative.

Redeveloper has purchased property and will incur additional TIF eligible costs such as, site preparation in removing concrete, removing of building and dirt work, extension of water, sewer, electrical services, and engineering and legal fees. The total cost of these public improvements, site acquisition, and other TIF-eligible costs are expected to be \$501,000. Total project costs, including private improvements, is expected to be \$5,032,000.

The Redeveloper is requesting TIF of \$445,000. The Project is not economically feasible without TIF. Without TIF, the average return on investment over the first ten years is 0.55%. Such a return is inadequate with respect to prudent investment and/or financing. With TIF, the average return on investment over the first ten years is 5.86%.

See Enclosure 7.

COMMUNITY DEVELOPMENT AGENCY

The Community Development Agency of the City of Norfolk, Nebraska, met in the Council Chambers, 309 N 5th Street, Norfolk, Nebraska, on Monday, March 6, 2023, beginning at 5:15 p.m.

Chairman Moenning called the meeting to order.

Roll call found the following Agency members present: Frank Arens, Shane Clausen, Corey Granquist, Kory Hildebrand, Andrew McCarthy, Thad Murren, Justin Snorton, Justin Webb, and Josh Moenning. Absent: None.

City staff members present were City Administrator Andy Colvin, Finance Officer Randy Gates, City Clerk Brianna Duerst, Public Works Director Steve Rames, Assistant City Engineer Anna Allen, Economic Developer Candice Alder, Communications Manager Nick Stevenson, City Attorney Danielle Myers-Noelle, Director of Administrative Services Lyle Lutt, City Planner Val Grimes, Administrative Assistant Kylee Soderberg, and Police Chief Don Miller.

Notice of the meeting was given in advance by publication in the Norfolk Daily News, and the notice of the meeting was given to the Chairman and all members of the Agency prior to the meeting.

The Chairman presided and the Secretary recorded the proceedings.

The Chairman informed the public about the location of the current copy of the Open Meetings Act posted in the meeting room and accessible to members of the public.

Agenda

Arens moved, seconded by Hildebrand, to approve the agenda as printed. Roll call: Ayes: Arens, Clausen, Granquist, Hildebrand, McCarthy, Murren, Snorton, Webb and Moenning. Nays: None. Absent: None. Motion carried.

Minutes

(February 6, 2023 CDA Minutes)

Granquist moved, seconded by Hildebrand to approve the minutes of the February 6, 2023, Agency meeting as printed. Roll call: Ayes: Arens, Clausen, Granquist, Hildebrand, McCarthy, Murren, Snorton, Webb and Moenning. Nays: None. Absent: None. Motion carried.

Kensington Building Redevelopment Plan (authorize to forward to Planning Commission)

Hildebrand moved, seconded by Murren to approve to accept the Redevelopment Plan for the Kensington Building Redevelopment Project and authorization to forward to the Planning Commission for recommendation

Agency Treasurer Randy Gates provided information to agency members. On January 30, 2023, HCI Real Estate submitted a TIF application for property located at the historical Kensington building. On February 21, 2023, the Economic Development Subcommittee reviewed the application and voted unanimously to move forward with acceptance with a Redevelopment Plan for this project.

The Project Site is located at West Norfolk Avenue and North 4th Street. The Redevelopment Project will consist of the restoration and redevelopment of the Kensington residential apartment building and conversion to a boutique hotel with approximately 62 rooms, restaurant and coffee shop, approximately 2,700 square feet of meeting space, a fitness room, and a business center.

The Redeveloper will purchase the property from the Norfolk Housing Authority. The interior will be renovated for use as a hotel with work done to preserve the façade of the historic building. North 4th Street, in front of the building, will be reconfigured to include a drop-off lane. Additionally, there will be changes traffic controls, landscaping and streetscape improvements, improvements to sidewalks, curb and gutter. The cost of these public improvements, site acquisition, and other TIF-eligible costs are expected to cost over \$2.6 million plus the costs of sidewalk improvements that may be needed and additional traffic controls, if necessary. Total project costs, including private improvements, is expected to be over \$14 million.

The Redeveloper is requesting TIF of \$1,950,000. The Project is not economically feasible without TIF. Without TIF, projected return on the project ranges from -.7% to 6.4%, over the first five years following stabilization. With TIF, the projected return on the project ranges from -1.2% to 10.3%, over the first five years following stabilization.

Roll call: Ayes: Arens, Clausen, Granquist, Hildebrand, McCarthy, Murren, Snorton, Webb and Moenning. Nays: None. Absent: None. Motion carried.

There being no further business the Mayor adjourned the meeting at 5:19 p.m.

ATTEST:

Josh Moenning, Chairman

Brianna Duerst, Secretary

(S E A L)

March 21, 2023

Dear Members of the Community Development Agency:

The Norfolk Planning Commission held a public hearing to hear comments on and review the Redevelopment Plan for the Kensington Building Redevelopment Project on March 21, 2023, as it pertains to the City of Norfolk zoning code and Comprehensive Plan.

The Redevelopment Project consists of the restoration and development of the Kensington Building to convert the building into a boutique hotel with approximately 62 rooms, a restaurant, approximately 2,700 square feet of meeting space, a fitness room, and a business center. The Project Site is currently zoned as C-2 (Central Business District) which allows for the various hospitality and mixed-use commercial uses which are contemplated as part of the project. The Comprehensive Plan map sets forth a “Mixed Use” designation for future use of the Project Site. Mixed Use allows for various uses, including all such uses associated with the Kensington Building Redevelopment Project.

The Planning Commission recommends approval of the Redevelopment Plan for the Kensington Building Redevelopment Project with an 8-0 vote.

Sincerely,



Dirk Waite, Vice-Chair
Norfolk Planning Commission

**REDEVELOPMENT PLAN FOR
THE KENSINGTON BUILDING REDEVELOPMENT PROJECT**

PREPARED FEBRUARY, 2023

**BY THE COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF NORFOLK, NEBRASKA**

A. Introduction

This Redevelopment Plan for the Kensington Building Redevelopment Project (this “Redevelopment Plan”), prepared by the Community Development Agency of the City of Norfolk, Nebraska (the “Agency”), is a guide for redevelopment activities to remove or eliminate blight and substandard conditions within the City of Norfolk, Nebraska (“City”). The Mayor and City Council of the City (the "Council"), recognizing that blighted and substandard conditions are a threat to the continued stability and vitality of the City, designated certain areas of the City to be blighted and substandard and in need of redevelopment pursuant to the requirements of the Nebraska Community Development Law, sections 18-2101 et. seq., as amended (the "Act").

Prior to the preparation of this Redevelopment Plan, and in compliance with the Act, the Mayor and Council designated a portion of the City as a blighted and substandard community redevelopment area, such area being commonly referred to as the “Downtown District Redevelopment Area” (referred to herein as the “Redevelopment Area”). This Redevelopment Plan sets forth a proposed redevelopment project located within the Redevelopment Area to optimize the tax increment financing ("TIF") resources available to offset certain costs deemed eligible for reimbursement by TIF under the Act, and to remove existing and avoid future blighted and substandard conditions, all as further described herein. This Redevelopment Plan contemplates the rehabilitation and refurbishment of the Kensington Building, for use as a boutique hotel and mixed-use space, together with such public improvements associated therewith, within the Redevelopment Area (such public and private improvements are collectively referred to herein as the "Redevelopment Project").

B. Redevelopment Area; Project Site; Existing Conditions

Exhibit "A", attached hereto and incorporated herein, sets forth the boundaries of the Redevelopment Area. The Redevelopment Area is identical to the "Downtown District Redevelopment Area," which the Mayor and Council previously declared blighted and substandard and in need of redevelopment. Exhibit "A-1", attached hereto and incorporated herein, sets forth the boundaries and existing conditions of the area to be developed as part of the Redevelopment Project (the "Project Site"). The Project Site is located to the northeast of the intersection of N 4th Street and W Norfolk Ave, in the City. The Project Site is completely engrossed within the blighted and substandard Redevelopment Area and is in need of redevelopment.

C. Conformance with the Comprehensive Plan

It is essential to the City’s comprehensive plan for development (the “Comprehensive Plan”) that dilapidated, inadequate, or deteriorating portions of the City conform to the current

and future needs of the City as it continues to grow and expand. Exhibit "B", attached hereto and incorporated herein, shows a portion of the future use map (showing the Redevelopment Area and surrounding areas) included within the City's Comprehensive Plan. The map sets forth a "Mixed Use" designation for future use of the Project Site. Mixed Use allows for myriad of uses, including all such uses associated with the Redevelopment Project contemplated hereunder. Accordingly, the anticipated uses associated with the Redevelopment Project conform to the desired use of the Project Site set forth in the Comprehensive Plan's future use map.

In addition to the foregoing, the Comprehensive Plan further sets forth the following objectives with respect to the downtown area:

- The downtown district should serve as a central, commerce, governance, and gathering place; allowing for people to network and exchange ideas, goods, and services.
- The city should adopt a proactive stance in regenerating downtown buildings/blocks by establishing necessary financial and organizational structures. This may include the city partnering in key redevelopment sites or catalyst projects.
- Encourage the reuse and, when possible, the re-habitation of existing downtown buildings with special attention paid to encourage the maintenance of the building setbacks, on-street parking, and sidewalk access similar in appearance to the Norfolk Avenue Corridor. Re-use of existing buildings that fit the "main street" character should be a priority.
- Retail and/or entertainment based development types should be encouraged to locate within downtown. These development types should be programmed to provide increased night-time activity to the downtown area attracting college students, young adults, and families who desire such amenities and cultural attractions in their community.

The Redevelopment Project will assist in carrying out the above objectives. Accordingly, the Redevelopment Project is in conformance with and furthers the objectives under the City's Comprehensive Plan.

D. Redevelopment Project Overview

The Redevelopment Project consists of the restoration and redevelopment of the Kensington Building to convert the same into a boutique hotel with approximately 62 rooms, restaurant, approximately 2,700 square feet of meeting space, a fitness room, and a business

center. Both parties understand that final plans are subject to some modifications in size or offering based on commercial reasonableness, final design practicality and franchise requirements from Marriot. Most recently, the Kensington Building was utilized as an apartment building owned by the City's housing authority. However, the building became too costly to maintain and was falling into disrepair, necessitating a new use involving private investment. The Redevelopment Project will revitalize an important location and landmark within the City's downtown area.

No public acquisition of the Project Site is anticipated. As stated above, the City's housing authority currently owns the building site and intends to sell the same to Redeveloper pending approval of this Redevelopment Plan. The proceeds from such sale are anticipated to be approximately \$1,500,000. Additionally, the City owns the parking lot that serves the building site, located to the north of the building. The City intends to convey the same in correlation with the above-described purchase and sale of the building site. The building's prior use as an apartment complex was discontinued prior to the consideration of this Redevelopment Plan. Accordingly, no families will be displaced as a result of the Redevelopment Project. The Developer shall not be responsible for any costs or liability associated with prior or current building tenants.

Exhibit "C", attached hereto and incorporated herein, sets forth the proposed preliminary site plan for the Redevelopment Project (the "Site Plan").

E. Existing Conditions

1. Existing Land Use

The Project Site currently consists of a vacant building previously used for residential apartments.

2. Existing Zoning

The Project Site is currently zoned as C-2 (Central Business District).

3. Existing Public Improvements

Public access to the Project Site currently exists from N 4th Street and W Norfolk Ave. The Project Site is served by existing paving, sewer, water, storm sewer, electrical service, public walks, and related infrastructure; provided, however, much of the services and/or infrastructure are in need of rehabilitation.

F. Proposed Redevelopment

1. Public Improvements

The Redevelopment Project will require significant infrastructure improvements and other public improvements. The anticipated public improvements (and costs related to the public improvements) for the Redevelopment Project are listed in Exhibit "E", attached hereto and incorporated herein. These improvements will include, but are not limited to:

a. Public Access; Traffic Flow, Street Layouts and Street Grades

Public access to the Project Site currently exists via N 4th Street and W Norfolk Ave. The Redevelopment Project contemplates a number of street and other right-of-way improvements, including, without limitation, reconfiguration of the right-of-way in front of the entrance to the building to incorporate a drop-off lane, conversion of the traffic signals at the intersection of N 4th Street and W Norfolk Ave to traffic signs, curb and gutter improvements, sidewalk improvements, and other landscaping and streetscape improvements within the right-of-way. The Redeveloper will pay for cost related to the drop-off lane, sidewalks, and related items. The City will pay for other street improvements such as traffic signal conversion to traffic signs and any changes in surrounding traffic signs, curb and gutter associated with the traffic signal area, as necessary in the discretion of the City. The foregoing and other public improvements for the Redevelopment Project will address any traffic and street infrastructure concerns that would otherwise be created by the Redevelopment Project. All streets and other public infrastructure constructed by Redeveloper will be subject to review and approval by the City's engineer or other designee of the City.

b. Construction of Water and Sewer Improvements.

It is anticipated that the water infrastructure currently serving the building is adequate, and no changes or additions thereto will be necessary as a result of the Redevelopment Project.

c. Other incidental improvements

Due to the age of the utility infrastructure serving the building and the building itself, it is anticipated that some additional work will be required in relation to the same – the exact nature

of which is unknown at this time and will be determined as over the course of the construction process.

d. Additional public facilities or utilities

Other than the items detailed above, Redeveloper and the City anticipate that the existing public facilities and utilities can adequately meet the demands of the Redevelopment Project.

e. Property Acquisition, Demolition and Disposal

No public acquisition of private property or relocation of families or businesses is necessary to accomplish the Redevelopment Project. The Redevelopment Project does not involve the demolition of existing structures.

f. Population Density

The Project Site currently consists of a vacant building previously used for residential apartments. The Redevelopment Project is commercial in nature and will not increase population density in the area.

g. Land Coverage

The Project Site consists of 0.3 acre lot occupied by a five-story, approximately 67,000 square foot building along with the parking lot to the north and the adjacent alley. The total project site is approximately 1 acre. Because the Redevelopment Project consists of rehabilitation of the existing building, land coverage is not expected to change.

h. Parking

As shown on the Site Plan, the parking lot serving the building consists of approximately 72 stalls, which is consistent with the parking requirements under the City's zoning code.

i. Zoning, Building Code and Ordinance

The Project Site is currently zoned as C-2 (Central Business District). C-2 allows for the various hospitality and mixed-use commercial uses which are contemplated as part of the Redevelopment Project. Accordingly, no zoning change will be required as part of the

Redevelopment Project. Notwithstanding, Redeveloper will be responsible for all zoning, building code, or ordinance changes that are necessary for the Redevelopment Project.

2. Private Improvements

Private improvements for the Redevelopment Project Area consist of the conversion of the Kensington Building into a boutique hotel with approximately 62 rooms, restaurant, approximately 2,700 square feet of meeting space, a fitness room, and a business center, in addition to the related facilities and improvements ancillary thereto. Redeveloper or other builders taking conveyance from Redeveloper will construct the private improvements. Paragraph H of this Redevelopment Plan details the anticipated construction schedule for the private improvements.

G. Project Costs

The total estimated cost of the Redevelopment Project is \$14,350,000. The estimated costs of the Redevelopment Project are attached and incorporated herein as Exhibit "D". Such figures are only estimates based upon 2023 pricing, and are subject to change without further amendment of this Redevelopment Plan.

H. Implementation

Redeveloper anticipates that construction of the Redevelopment Project will commence in late 2023, and will be substantially completed by approximately January 1, 2025. Notwithstanding the foregoing, Redeveloper's timely completion of the Redevelopment Project is subject to extraneous factors, which may necessitate that Redeveloper completes the Redevelopment Project later than the projected date. As such, the anticipated start and completion dates are preliminary and subject to change based upon market conditions, availability of materials, workforce availability and other extraneous factors.

I. Financing

The City and the Agency contemplate the use of TIF for the Redevelopment Project. Section 18-2147 of the Act authorizes the use of TIF. It provides that any ad valorem tax levied upon real property, or any portion thereof, in a redevelopment project shall be divided, for a period not to exceed fifteen years after the effective date as identified in the Redevelopment Contract, or amendment thereof, or in the resolution(s) of the authority authorizing the issuance of bonds pursuant to the Act, as follows:

- (a) That portion of the ad valorem tax the levy produces at the rate fixed each year by or for each public body upon the redevelopment project valuation shall be paid into the funds of each such public body in the same proportion as are all other taxes collected by or for the body (“Base Tax Amount”); and
- (b) That portion of the ad valorem tax on real property, as provided in the Redevelopment Contract or bond/note resolution, in the redevelopment project in excess of the Base Tax Amount, if any, (referred to herein as “TIF Revenues”) shall be allocated to and, when collected, paid into a special fund of the authority to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such authority for financing or refinancing, in whole or in part, the redevelopment project.

With respect to the Redevelopment Project, the actual base tax year and Base Tax Amount for the Redevelopment Project will be set forth in the Redevelopment Contract and/or the resolution authorizing the TIF Indebtedness (defined below).

1. Necessity of TIF

Redeveloper has represented and warranted to the City that it would not be economically feasible to develop the Redevelopment Project without TIF. In support thereof, Redeveloper represented and warranted in its TIF application that:

“The cost of renovating and rehabilitating an historic building significantly increases the development costs. Construction costs continue to increase and the cost of all construction labor and materials make the project not financially feasible without assistance from TIF. Site acquisition is contingent upon TIF approval, and redeveloper is not willing to move forward with this redevelopment project without TIF.”

Additionally, Redeveloper provided in its application a projected return on investment (“ROI”) for the Redevelopment Project, both with and without TIF. Without TIF, the projected ROI ranged from -.7% to 6.4% over the first five years following stabilization. With TIF, the projected ROI ranged from -1.2% to 10.3% over the first five years following stabilization. Redeveloper asserts that prudent lenders and investors are not willing to invest in a project of this type with a ROI below 7%. And even with the assistance of TIF, a ROI of 10.3% after five years is a modest, but acceptable return.

The City and Agency accepts and agrees with Redeveloper's above representations. Accordingly, the Redevelopment Project, as proposed herein, is not economically viable without the assistance of TIF and Redeveloper would not construct the same without TIF.

2. Sources and Uses of Financing

Based upon the projections provided in Exhibit "E", attached hereto and incorporated herein, the Agency and Redeveloper contemplate issuance of one TIF bond or note (the "TIF Indebtedness") in the principal amount of \$1,950,000. The TIF Indebtedness shall bear interest at a rate not to exceed 0% per annum. The final principal and interest amount comprising the TIF Indebtedness shall be determined by the Agency and set forth in the Redevelopment Contract or resolution authorizing the issuance of the TIF Indebtedness. All TIF Revenues generated by the Redevelopment Project shall only be divided and allocated over the applicable 15-year increment period or until full payment of the TIF Indebtedness, whichever occurs first.

The total estimated cost of the Redevelopment Project is \$14,350,000. Redeveloper anticipates that the balance of the public and private costs exceeding the TIF Indebtedness will be financed by a mix of equity, new market tax credits, and traditional bank financing. The above figures are only projections and are subject to change as a result of market conditions and other extraneous factors.

J. Cost-Benefit Analysis

A cost-benefit analysis for the Redevelopment Project is attached as Exhibit "F" and incorporated herein.

Exhibits:

- Exhibit A: Redevelopment Area
- Exhibit A-1: Project Site and Existing Land Use
- Exhibit B: Future Land Use Map
- Exhibit C: Site Plan and Future Land Use
- Exhibit D: Estimated Construction Cost of the Redevelopment Project
- Exhibit E: Sources and Uses of TIF
- Exhibit F: Cost-Benefit Analysis

EXHIBIT "A"

Redevelopment Area and Existing Land Use

Depiction of Boundaries and Existing Condition of Redevelopment Area:



Exhibit "A"

EXHIBIT "A-1"

Project Site and Existing Land Use

Legal Description:

Lot 9 and the West 1/2 of Lot 10, Block 4, Original Town of Norfolk, Madison County, Nebraska; AND

The West 22 feet of Lot 5 and all of Lots 6, 7 & 8, Block 4, Original Town of Norfolk, Madison County, Nebraska.

* In the event Redeveloper subdivides or replats the Project Site, the legal description(s) of such subdivided or replatted parcel(s) comprising the Project Site, upon final approval of the City with respect thereto, shall replace and supersede the above legal description.

Depiction and Current Condition (outlined in red):

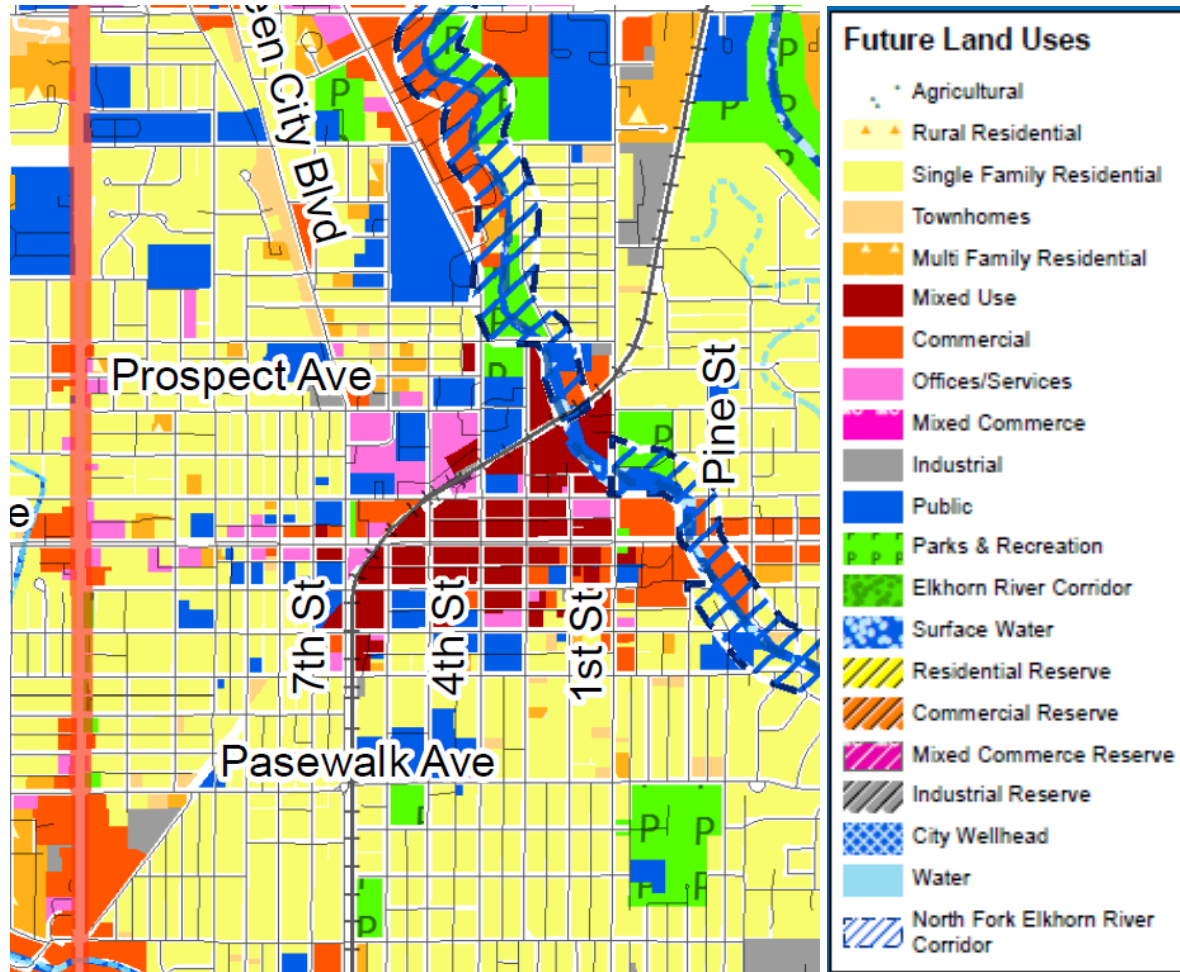


* Project Site located to the northeast of the intersection of N 4th Street and W Norfolk Ave.

Exhibit "A-1"

EXHIBIT "B"

Future Land Use Map

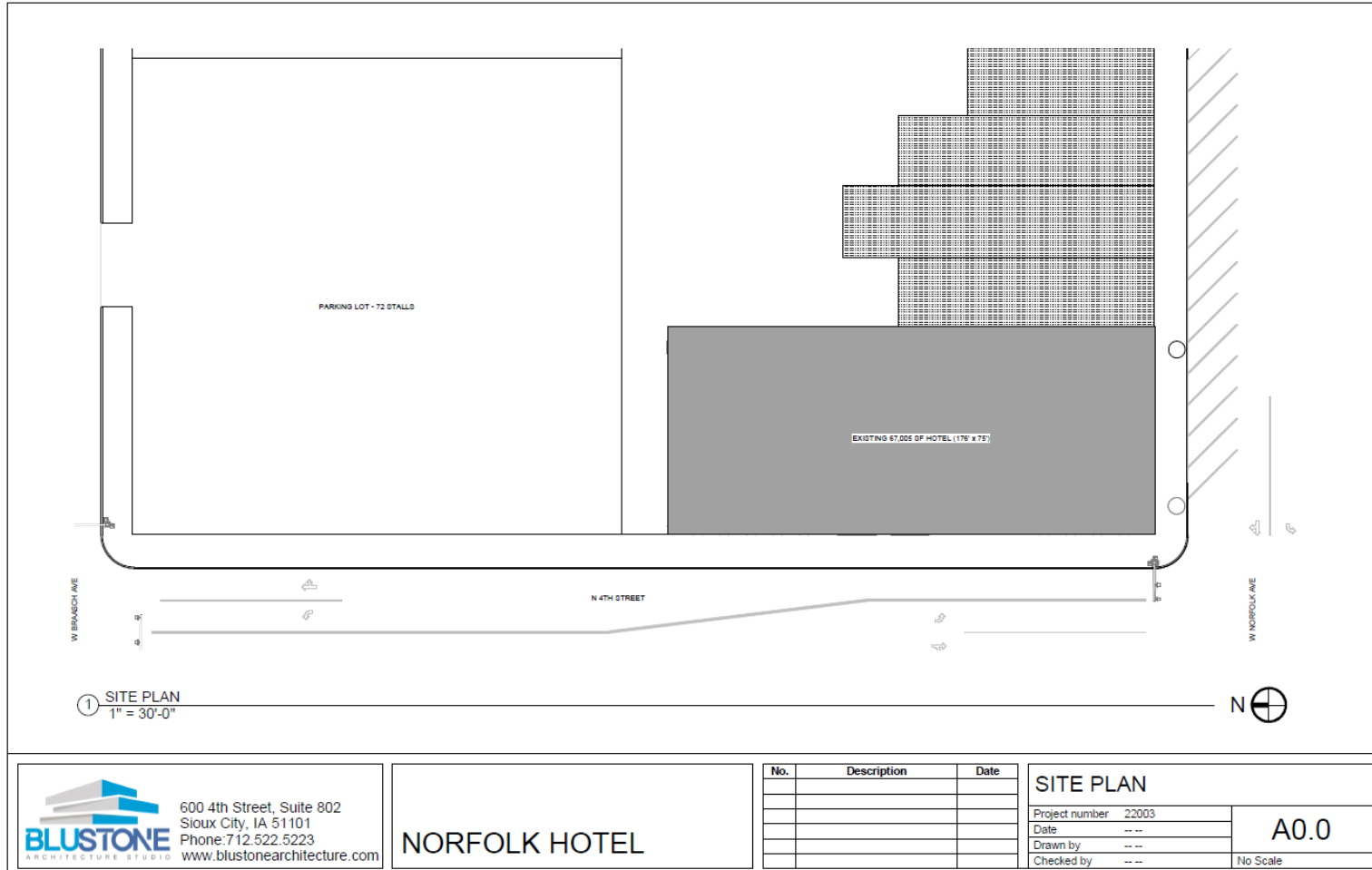



* Project Site designated as Mixed Use.

Exhibit "B"

EXHIBIT "C"

Site Plan and Future Land Use




 600 4th Street, Suite 802
 Sioux City, IA 51101
 Phone: 712.522.5223
 www.blustonearchitecture.com

NORFOLK HOTEL

| No. | Description | Date |
|-----|-------------|------|
| | | |
| | | |
| | | |
| | | |
| | | |

| SITE PLAN | |
|----------------|----------|
| Project number | 22003 |
| Date | -- |
| Drawn by | -- |
| Checked by | -- |
| A0.0 | No Scale |

* The above is a preliminary site plan and is subject to change.

Exhibit "C"

EXHIBIT "D"

Estimate of Construction Costs

| ACQUISITION COST | |
|--|---------------------|
| KENSINGTON BUILDING | \$1,500,000 |
| HARD COSTS | |
| GENERAL CONSTRUCTION (incl. site work) | \$8,383,008 |
| DEMO | \$460,000 |
| PARKING LOT | \$0 |
| CONSTRUCTION MGMT | \$32,500 |
| FF&E | \$1,550,000 |
| 4% PROCUREMENT FEE | \$62,000 |
| OS&E | \$218,631 |
| TOTAL | \$12,206,139 |
| SOFT COSTS | |
| FRANCHISE UPFRONT | \$10,000 |
| BRANDING | \$125,000 |
| INTERIOR DESIGN | \$390,000 |
| DEVELOPMENT FEES | \$450,000 |
| TOTAL | \$975,000 |
| PRE-OPENING COSTS | |
| OPERATING EXPENSE | \$205,050 |
| PAYROLL & TRAINING | \$79,100 |
| BUSINESS LICENSE/PERMITS | \$6,354 |
| WORKING CAPITAL | \$100,000 |
| INSURANCE | \$62,500 |
| PROJECT CONTINGENCY | \$377,707 |
| MANAGEMENT START-UP FEE | \$55,000 |
| TOTAL | \$885,711 |
| CLOSING COSTS | |
| LENDER ORIGATION FEE | \$58,150 |
| LEGAL/ACCOUNTING | \$14,500 |
| CONSTRUCTION PERIOD INTEREST | \$210,500 |
| TOTAL | \$283,150 |
| PROJECT TOTALS | |
| TOTAL | \$14,350,000 |

* The above figures are estimated values based on current pricing. These preliminary estimates are subject to change, as Redeveloper has no control over the change in cost of materials and services between the time of the approval of this Redevelopment Plan and commencement of construction.

EXHIBIT "E"

Sources and Uses of TIF

USES:

| | |
|---|---------------------|
| Land Acquisition | \$1,500,000 |
| Building Rehabilitation Costs | \$450,000+ |
| Paving & Street Improvements | \$100,000 |
| Landscape & Streetscape Improvements | \$10,000 |
| Curb & Gutter Improvements | \$67,000 |
| Sidewalk Improvements | TBD |
| Architecture, Engineering & Legal Costs | \$100,000 |
| City Fees | \$15,000 |
| <hr/> | |
| TOTAL | \$2,242,000+ |

* The above "Uses" are preliminary estimates based on current pricing and are subject to change.

SOURCES:

General Assumptions:

| | |
|-------------------|-------------|
| Base Value: | \$500,000 |
| Final Value: | \$6,200,000 |
| Tax Levy (2021): | 2.307619% |
| TIF Indebtedness: | \$1,950,000 |
| Interest Rate: | 0% |

Amortization:

| DATE | Total Taxable Valuation | Less Pre-Development Base | TIF Taxable Valuation | Tax Levy | Tax Revenues | Treasurer's 1% Collection Fee | Revenues Available For TIF Loan | Debt Service Payments | | | Loan Balance | Capitalized Interest | Interest at 0.00% |
|------|-------------------------|---------------------------|-----------------------|----------|--------------|-------------------------------|---------------------------------|------------------------|-------------------|-------------|--------------|----------------------|--------------------|
| | | | | | | | | Principal | Interest at 0.00% | Total | | | |
| 0 | | | | | | | | | | | \$1,950,000 | | |
| 0.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,884,891 | 0 | 0 |
| 1 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,819,782 | 0 | 0 |
| 1.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,754,673 | 0 | 0 |
| 2 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,689,564 | 0 | 0 |
| 2.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,624,455 | 0 | 0 |
| 3 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,559,346 | 0 | 0 |
| 3.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,494,237 | 0 | 0 |
| 4 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,429,128 | 0 | 0 |
| 4.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,364,019 | 0 | 0 |
| 5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,298,910 | 0 | 0 |
| 5.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,233,801 | 0 | 0 |
| 6 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,168,692 | 0 | 0 |
| 6.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,103,583 | 0 | 0 |
| 7 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$1,038,474 | 0 | 0 |
| 7.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$973,365 | 0 | 0 |
| 8 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$908,256 | 0 | 0 |
| 8.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$843,147 | 0 | 0 |
| 9 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$778,038 | 0 | 0 |
| 9.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$712,929 | 0 | 0 |
| 10 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$647,820 | 0 | 0 |
| 10.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$582,711 | 0 | 0 |
| 11 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$517,602 | 0 | 0 |
| 11.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$452,493 | 0 | 0 |
| 12 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$387,384 | 0 | 0 |
| 12.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$322,275 | 0 | 0 |
| 13 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$257,166 | 0 | 0 |
| 13.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$192,057 | 0 | 0 |
| 14 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$126,948 | 0 | 0 |
| 14.5 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$61,839 | 0 | 0 |
| 15 | \$ 5,700,000 | 0 | \$ 5,700,000 | 2.307619 | \$ 65,767 | \$ 658 | \$ 65,109 | \$65,109 | \$0 | \$65,109 | \$0 | 0 | 0 |
| | ===== | ===== | ===== | | | | | | | | ===== | | |
| | | | | | \$1,973,010 | \$19,740 | \$1,953,270 | \$1,953,270 | \$0 | \$1,953,270 | | | \$0 |
| | | | | | ===== | ===== | ===== | ===== | ===== | ===== | | | |
| | | | | | | | | | | | | | (F9 = calculate) |
| | | | | | | | | Original Loan Amount | | \$1,950,000 | | | |
| | | | | | | | | Capitalized Interest | | \$0 | | | ASSUMPTIONS: |
| | | | | | | | | Loan Balance Remaining | | \$0 | | | 1. Loan Amount: |
| | | | | | | | | | | | | | \$1,950,000 |
| | | | | | | | | | | | | | 2. Interest Rate: |
| | | | | | | | | | | | | | * |
| | | | | | | | | ===== | | | | | 3. Increment Base: |
| | | | | | | | | | | | | | \$5,700,000** |

* The above figures are estimates based upon the assumptions in this Exhibit "E" and are subject to change.

EXHIBIT "F"

Cost-Benefit Analysis (Pursuant to Neb. Rev. Stat. § 18-2113)

The cost-benefit analysis for the Redevelopment Project, as described in the attached Redevelopment Plan, which will utilize funds authorized by section 18-2147 of the Act, is provided below:

1. Tax shifts resulting from the approval of the use of funds pursuant to Section 18-2147:

The taxes generated by the base value of the Project Site will continue to be allocated between the relevant taxing jurisdictions pursuant to the Act. Only the incremental taxes created by the Redevelopment Project will be captured to pay for the project's eligible public expenditures. Since the incremental taxes would not exist without the use of TIF to support the Redevelopment Project, the true tax shift of the Redevelopment Project is a positive shift in taxes after 15 years. However, for the purposes of illustrating the incremental taxes used for TIF, the estimated 15 year tax shift for the Redevelopment Project is set forth in Exhibit "E" of the Redevelopment Plan, and is adopted hereby.

Notes:

- 1. The Projected Tax Increment is based on assumed values and levy rates; actual amounts and rates will vary from those assumptions, and it is understood that the actual tax shift may vary materially from the projected amount. The levy rate is assumed to be the 2021 levy rate. There has been no accounting for incremental growth over the 15 year TIF period.*

2. Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the Redevelopment Project:

a. Public infrastructure improvements and impacts:

The Redevelopment Project requires considerable street and other right-of-way improvements, including, without limitation, reconfiguration of the right-of-way in front of the entrance to the building to incorporate a drop-off lane, conversion of the traffic signals at the intersection of N 4th Street and W Norfolk Ave to traffic signs, curb and gutter improvements, sidewalk improvements, and other landscaping and streetscape improvements within the right-of-way. The public improvements for the Redevelopment Project will address any traffic and

street infrastructure concerns that would otherwise be created by the Redevelopment Project. The Agency and Redeveloper do not anticipate that the Redevelopment Project will have a negative impact on now-existing City infrastructure.

b. Local Tax impacts (in addition to impacts of Tax Shifts described above):

The Redevelopment Project should create material tax and other public revenue for the City and other local taxing jurisdictions. While the use of TIF will defer receipt of a majority of new ad valorem real property taxes generated by the Redevelopment Project, the Redevelopment Project should generate immediate tax growth for the City. The City will collect sales tax on a portion of the materials used for the Redevelopment Project during construction. Following construction, the hotel and other commercial facilities will require and pay for City services, and will also attract visitors to the area, resulting in a boost to sales tax. It is not anticipated that the Redevelopment Project will have any material adverse impact on such City services, but will generate revenue providing support for those services.

3. Impacts on employers and employees of firms locating or expanding within the boundaries of the Project Site:

The Redevelopment Project will result in new and expanded business within the Project Site via the operation of the hotel and other commercial facilities included therewith. Redeveloper anticipates such businesses will generate approximately 55 new jobs (both full time and part time) within the Project Site. Accordingly, it is anticipated that the Redevelopment Project will have a positive impact on employers and employees locating or expanding within the boundaries of the Project Site.

4. Impacts on other employers and employees within the City and the immediate area that is located outside of the boundaries of the Project Site:

The Redevelopment Project will have a substantial positive impact on surrounding employers and employees. The hotel and other facilities will result in an increase of visitors to the downtown area, which will be a considerable benefit to surrounding employers. As detailed above, such facilities are estimated to result in the creation of approximately 55 new jobs, which will benefit surrounding employees and the City's workforce in general.

5. Impacts on student populations of school districts within the City:

The Redevelopment Project is commercial in nature and will not impact student populations in the City.

6. Other impacts determined by the Agency to be relevant to the consideration of costs and benefits arising from the redevelopment project:

The Project Site is blighted and contains substandard conditions that are a detriment to the City as a whole. The Redevelopment Project will revitalize and occupy a deteriorating space without negatively impacting the surrounding businesses, residents or straining the public infrastructure. There are no other material impacts determined by the Agency relevant to the consideration of the costs or benefits arising from the Redevelopment Project. As such, the costs of the Redevelopment Project are outweighed by its benefits.

DOCS/2927303.2
4869-0125-0644, v. 1

RESOLUTION NO. 2023-6

BE IT RESOLVED, by the governing body of the Community Development Agency of the City of Norfolk, Nebraska, (the “Agency”) as follows:

1. The governing body of the Agency hereby finds and determines that there has been previously prepared and presented to the Agency a redevelopment plan entitled “Redevelopment Plan for the Kensington Building Redevelopment Project” (the “Plan”); that the Plan has been recommended and approved by the Planning Commission of the City of Norfolk; that all conditions precedent to the recommending of the Plan to the Mayor and Council of the City of Norfolk for hearing and final approval have occurred.
2. The governing body of the Agency hereby further finds and determines that the proposed land uses and building requirements in the redevelopment project area as described in the Plan are designed with the general purpose of accomplishing, in conformance with the City’s general plan, a coordinated, adjusted and harmonious development of the City and its environs which will, in accordance with the present and future needs, promote health, safety, morals, order, convenience, prosperity and the general welfare, as well as efficiency and economy in the process of development; that under the Plan adequate provision is made for traffic, vehicular parking, the promotion of safety from fire, panic and other dangers, adequate provision for light and air, the promotion of the healthful and convenient distribution of populations, the provision of adequate transportation, water, sewage and other public utilities, schools, parks, recreational and community facilities and other public requirements, the promotion of sound design and arrangement, the wise and efficient expenditure of public funds and the prevention of the recurrence of insanitary or unsafe dwelling accommodations or conditions of blight.
3. The governing body of the Agency hereby determines that the Plan contains a statement of the proposed method and estimated cost of acquisition and preparation for redevelopment of the redevelopment project area; that no public improvements are required to be provided except as set forth in the Plan; that there are no estimated proceeds or revenue expected to be obtained by the Agency from disposal of property to redevelopers; that the Plan sets forth the proposed method of financing for the proposed redevelopment project consisting of direct payment for public improvements or grant assistance to the redeveloper for the redevelopment project area, as designated in the Plan which method of financing is the issuance by the Agency of its tax increment revenue bonds to provide moneys to pay for the costs of certain public improvements directly or of public or private improvements by grant assistance and that there are no families currently living within the redevelopment project area, as set forth in the Plan, which are currently expected to be displaced from such area. The project area set forth in the Plan is located within the corporate limits of the City of Norfolk.
4. The Cost Benefit Analysis prepared for the Agency is hereby approved.
5. The governing body of the Agency hereby recommends to the Mayor and Council of the City of Norfolk that the Plan be approved and, subject to such approval, hereby adopts the Plan.

PASSED AND APPROVED this 3rd day of April, 2023.

Chairman (Mayor)

Secretary

(SEAL)

Approved as to form: _____
Danielle Myers-Noelle, City Attorney

**REDEVELOPMENT PLAN FOR THE
PHILLIP AVENUE APARTMENTS REDEVELOPMENT PROJECT**

PREPARED MARCH, 2023

**BY THE COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF NORFOLK, NEBRASKA**

A. Introduction

This Redevelopment Plan for the Phillip Avenue Apartments Redevelopment Project (this “Redevelopment Plan”), prepared by the Community Development Agency of the City of Norfolk, Nebraska (the “Agency”), is a guide for redevelopment activities to remove or eliminate blight and substandard conditions within the City of Norfolk, Nebraska (“City”). The Mayor and City Council of the City (the "Council"), recognizing that blighted and substandard conditions are a threat to the continued stability and vitality of the City, designated certain areas of the City to be blighted and substandard and in need of redevelopment pursuant to the requirements of the Nebraska Community Development Law, sections 18-2101 et. seq., as amended (the "Act").

Prior to the preparation of this Redevelopment Plan, and in compliance with the Act, the Mayor and Council designated a portion of the City as a blighted and substandard community redevelopment area, such area being commonly referred to as the “Downtown District Redevelopment Area” (referred to herein as the “Redevelopment Area”). This Redevelopment Plan sets forth a redevelopment project, proposed by Phillip Avenue Apartments, LLC (“Redeveloper”), within the Redevelopment Area to optimize the tax increment financing ("TIF") resources available to offset certain costs deemed eligible for reimbursement by TIF under the Act, and to remove existing and avoid future blighted and substandard conditions, all as further described herein. This Redevelopment Plan contemplates the construction of an approximately 30-unit apartment complex, together with such public improvements associated therewith, within the Redevelopment Area (such public and private improvements are collectively referred to herein as the "Redevelopment Project").

B. Redevelopment Area; Project Site; Existing Conditions

Exhibit "A", attached hereto and incorporated herein, sets forth the boundaries and existing conditions of the Redevelopment Area. The Redevelopment Area is identical to the "Downtown District Redevelopment Area," which the Mayor and Council previously declared blighted and substandard and in need of redevelopment. Exhibit "A-1", attached hereto and incorporated herein, sets forth the boundaries and existing conditions of the area to be developed as part of the Redevelopment Project (the "Project Site"). The Project Site is located at 414 W Phillip Ave, to the northeast of the intersection of S 5th St and Phillip Ave, in the City. The Project Site is completely engrossed within the blighted and substandard Redevelopment Area and is in need of redevelopment.

C. Conformance with the Comprehensive Plan

It is essential to the City’s comprehensive plan for development (the “Comprehensive Plan”) that dilapidated, inadequate, or deteriorating portions of the City conform to the current

and future needs of the City as it continues to grow and expand. Exhibit "B", attached hereto and incorporated herein, shows a portion of the future use map (showing the Project Site and surrounding areas) included within the City's Comprehensive Plan. The map sets forth a "Mixed Use" designation for future use of the Project Site. Mixed Use allows for myriad of uses, including multi-family apartments. Accordingly, the anticipated uses associated with the Redevelopment Project conform to the desired use of the Project Site set forth in the Comprehensive Plan's future use map.

The Comprehensive Plan further sets forth the following objectives with respect to the downtown area:

- Zoning regulations should encourage and allow vertical mixed-use (residential and office uses on upper floors above ground-level retail, or services) and live-work units in downtown.
- Downtown and its immediate fringe areas should offer a wide variety of medium to high-density housing options to support retail, restaurants, professional services, and entertainment venues.

The Redevelopment Project will assist in carrying out the above objectives. Accordingly, the Redevelopment Project is in conformance with and furthers the objectives under the City's Comprehensive Plan.

D. Redevelopment Project Overview

The Redevelopment Project consists of the construction of an approximately 30-unit apartment complex on the Project Site. Redeveloper recently acquired the Project Site from Elkhorn Valley Community Development Corp. for a purchase price of \$275,000. No public acquisition of the Project Site is anticipated. Additionally, no families will be displaced as a result of the Redevelopment Project.

Exhibit "C", attached hereto and incorporated herein, sets forth the proposed site plan for the Redevelopment Project (the "Site Plan").

E. Existing Conditions

1. Existing Land Use

The Project Site currently consists of paved and non-paved surfaces and a single vacant structure. The land area of the Project Site is approximately 0.8 acres.

2. Existing Zoning

The Project Site is currently zoned as R-3 (Multiple-Family Residential District).

3. Existing Public Improvements

Public access to the Project Site currently exists from both S 5th St and Phillip Ave. The Project Site is without internal sanitary sewer, water, electrical service, and related infrastructure.

F. Proposed Redevelopment

1. Public Improvements

The Redevelopment Project will require infrastructure improvements and other public improvements. These improvements will include, but are not limited to:

a. Public Access; Traffic Flow, Street Layouts and Street Grades

Public access to the Project Site currently exists via S 5th St and Phillip Ave. Redeveloper will construct paving for ingress and egress from S 5th St. The public improvements for the Redevelopment Project will address any traffic and street infrastructure concerns that would otherwise be created by the Redevelopment Project. All streets and other public infrastructure constructed by Redeveloper will be subject to review and approval by the City's engineer or other designee of the City.

b. Construction of Water and Sewer Improvements.

Redeveloper will extend water and sanitary sewer systems to provide appropriate service to the Project Site; and the Project Site will be filled and graded to provide for effective surface water runoff.

c. Other incidental improvements

Redeveloper will extend electric and communication utilities to the apartment building on the Project Site. The anticipated public improvements (and costs related to the public improvements) for the Redevelopment Project are listed in Exhibit "E", attached hereto and incorporated herein.

d. Additional public facilities or utilities

Other than the construction or extension of the utilities and infrastructure detailed above, Redeveloper and the City anticipate that the existing public facilities and utilities can adequately meet the demands of the Redevelopment Project.

e. Property Acquisition, Demolition and Disposal

No public acquisition of private property or relocation of families or businesses is necessary to accomplish the Redevelopment Project. The existing vacant building on the Project Site will be demolished as part of the Redevelopment Project.

f. Population Density

The Project Site currently sits vacant. The Redevelopment Project is residential in nature and will result in an increase to population density. However, the City desires increased population density, via a variety of housing types, in the downtown area.

g. Land Coverage

The Project Site is approximately 0.8 acres, consisting of a 1,200 square foot (vacant) structure and paved and non-paved surfaces. Land coverage and building densities will increase as a result of the Redevelopment Project, which will consist of the construction of an approximately 11,900 square foot building, as shown on the Site Plan. Additionally, some of the current paved and non-paved surfaces will be removed and replaced with green space. The Redevelopment Project will be required to comply with all applicable land coverage ratio and building density criteria under the City's zoning code.

h. Parking

As shown on the Site Plan, Redeveloper estimates the parking lot serving the building will consist of approximately 53 stalls. There will be a cross parking agreement with the adjacent owner, Midtown Health, to achieve a minimum of two stalls per dwelling unit consistent with parking requirements under the City's zoning code.

i. Zoning, Building Code and Ordinance

The Project Site is currently zoned as R-3 (Multiple-Family Residential District). Accordingly, a zoning change will not be required as part of the Redevelopment Project.

Notwithstanding, Redeveloper shall be responsible for all zoning, building code, or ordinance changes that are necessary for the Redevelopment Project.

2. Private Improvements

Private improvements for the Redevelopment Project Area consist of the construction of an approximately 30-unit apartment complex, in addition to the related facilities and improvements ancillary thereto. Redeveloper or other builders taking conveyance from Redeveloper will construct the private improvements. Paragraph H of this Redevelopment Plan details the anticipated construction schedule for the private improvements.

G. Project Costs

The total estimated cost of the Redevelopment Project is \$5,032,000. The estimated costs of the Redevelopment Project are attached and incorporated herein as Exhibit "D". Such figures are only estimates based upon 2023 pricing, and are subject to change without further amendment of this Redevelopment Plan.

H. Implementation

Redeveloper anticipates that construction of the Redevelopment Project will commence in the spring of 2023, and will be completed by the summer of 2025. Notwithstanding the foregoing, Redeveloper's timely completion of the Redevelopment Project is subject to extraneous factors, which may necessitate that Redeveloper completes the Redevelopment Project later than the projected date. As such, the anticipated start and completion dates are preliminary and subject to change based upon market conditions, availability of materials, workforce availability and other extraneous factors.

I. Financing

The City and the Agency contemplate the use of TIF for the Redevelopment Project. Section 18-2147 of the Act authorizes the use of TIF. It provides that any ad valorem tax levied upon real property, or any portion thereof, in a redevelopment project shall be divided, for a period not to exceed fifteen years after the effective date as identified in the redevelopment contract, or amendment thereof, or in the resolution(s) of the authority authorizing the issuance of bonds pursuant to the Act, as follows:

- (a) That portion of the ad valorem tax the levy produces at the rate fixed each year by or for each public body upon the redevelopment project valuation shall be paid

into the funds of each such public body in the same proportion as are all other taxes collected by or for the body (“Base Tax Amount”); and

- (b) That portion of the ad valorem tax on real property, as provided in the redevelopment contract or bond/note resolution, in the redevelopment project in excess of the Base Tax Amount, if any, (referred to herein as “TIF Revenues”) shall be allocated to and, when collected, paid into a special fund of the authority to be used solely to pay the principal of, the interest on, and any premiums due in connection with the bonds of, loans, notes, or advances of money to, or indebtedness incurred by, whether funded, refunded, assumed, or otherwise, such authority for financing or refinancing, in whole or in part, the redevelopment project.

With respect to the Redevelopment Project, the actual base tax year and Base Tax Amount for the Redevelopment Project will be set forth in the redevelopment contract and/or the resolution authorizing the TIF Indebtedness (defined below). The Agency and Redeveloper anticipate the issuance of one TIF bond or note for the Redevelopment Project. All TIF Revenues generated by the Redevelopment Project shall only be divided and allocated over the applicable 15-year increment period or until full payment of the TIF Indebtedness, whichever occurs first.

1. Necessity of TIF

Redeveloper has represented and warranted to the City that it would not be economically feasible to develop the Redevelopment Project without TIF. In support thereof, Redeveloper represented and warranted in its TIF application that increased construction costs, inflation and interest rate increases make this project not feasible without TIF.

Additionally, Redeveloper provided in its application a projected cash on cash return on investment for the Redevelopment Project, both with and without TIF. Without TIF, the average return on investment over the first ten years is 0.55%. Such a return is inadequate with respect to prudent investment and/or financing. With TIF, the average return on investment over the first ten years is 5.86%.

Additionally, the current conditions of the Project Site, and the added site preparation costs related thereto, contribute to the site’s blighted and substandard condition and the infeasibility of its development without the assistance of TIF. In consideration of the foregoing, the City and Agency have determined that the Redevelopment Project, as proposed herein, is not economically viable without the assistance of TIF and Redeveloper would not construct the same without TIF.

2. Sources and Uses of Financing

Based upon the projections provided in Exhibit "E", attached hereto and incorporated herein, the Agency and Redeveloper contemplate issuance of one TIF bond or note (the "TIF Indebtedness") in the principal amount of \$445,000. The TIF Indebtedness shall bear interest at a rate not to exceed 9.00% per annum. The final principal and interest amount comprising the TIF Indebtedness shall be determined by the Agency and set forth in the redevelopment contract or resolution authorizing the issuance of the TIF Indebtedness. All TIF Revenues generated by the Redevelopment Project shall only be divided and allocated over the applicable 15-year increment period or until full payment of the TIF Indebtedness, whichever occurs first.

The total estimated cost of the Redevelopment Project is \$5,032,000. Redeveloper anticipates that the balance of the public and private costs exceeding the TIF Indebtedness will be financed by a mix of equity and traditional bank financing. The above figures are only projections and are subject to change as a result of market conditions and other extraneous factors.

J. Cost-Benefit Analysis

A cost-benefit analysis for the Redevelopment Project is attached as Exhibit "F" and incorporated herein.

Exhibits:

- Exhibit A: Redevelopment Area
- Exhibit A-1: Project Site and Existing Land Use
- Exhibit B: Future Land Use Map
- Exhibit C: Site Plan and Future Land Use
- Exhibit D: Estimated Construction Cost of the Redevelopment Project
- Exhibit E: Sources and Uses of TIF
- Exhibit F: Cost-Benefit Analysis

EXHIBIT "A"

Redevelopment Area and Existing Land Use

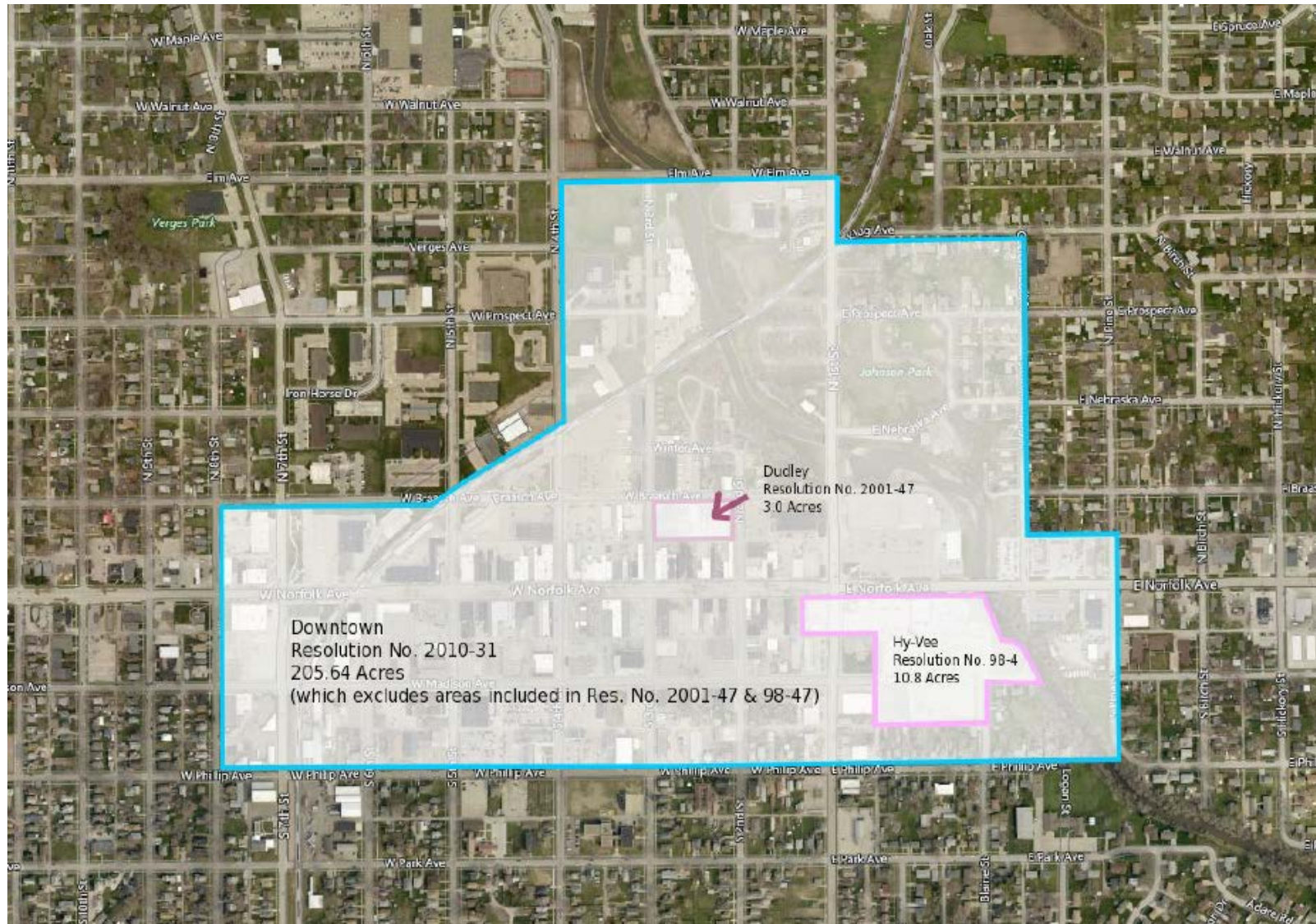


Exhibit "A"

EXHIBIT "A-1"

Project Site and Existing Land Use

Legal Description:

Lot 9 and the West Half and East Half of the South Half of Lot 10, and the West 21 feet of the South Half of Lot 11, Block 6, Koenigstein's First Addition to Norfolk, Madison County, Nebraska; AND

The North Half of the East Half of Lot 10 and the East 45 feet and the North Half of the West 21 feet of Lot 11, Block 6, Koenigstein's (First) Addition to the City of Norfolk, Madison County, Nebraska

* In the event Redeveloper subdivides or replats the Project Site, the legal description(s) of such subdivided or replatted parcel(s) comprising the Project Site, upon final approval of the City with respect thereto, shall replace and supersede the above legal description.

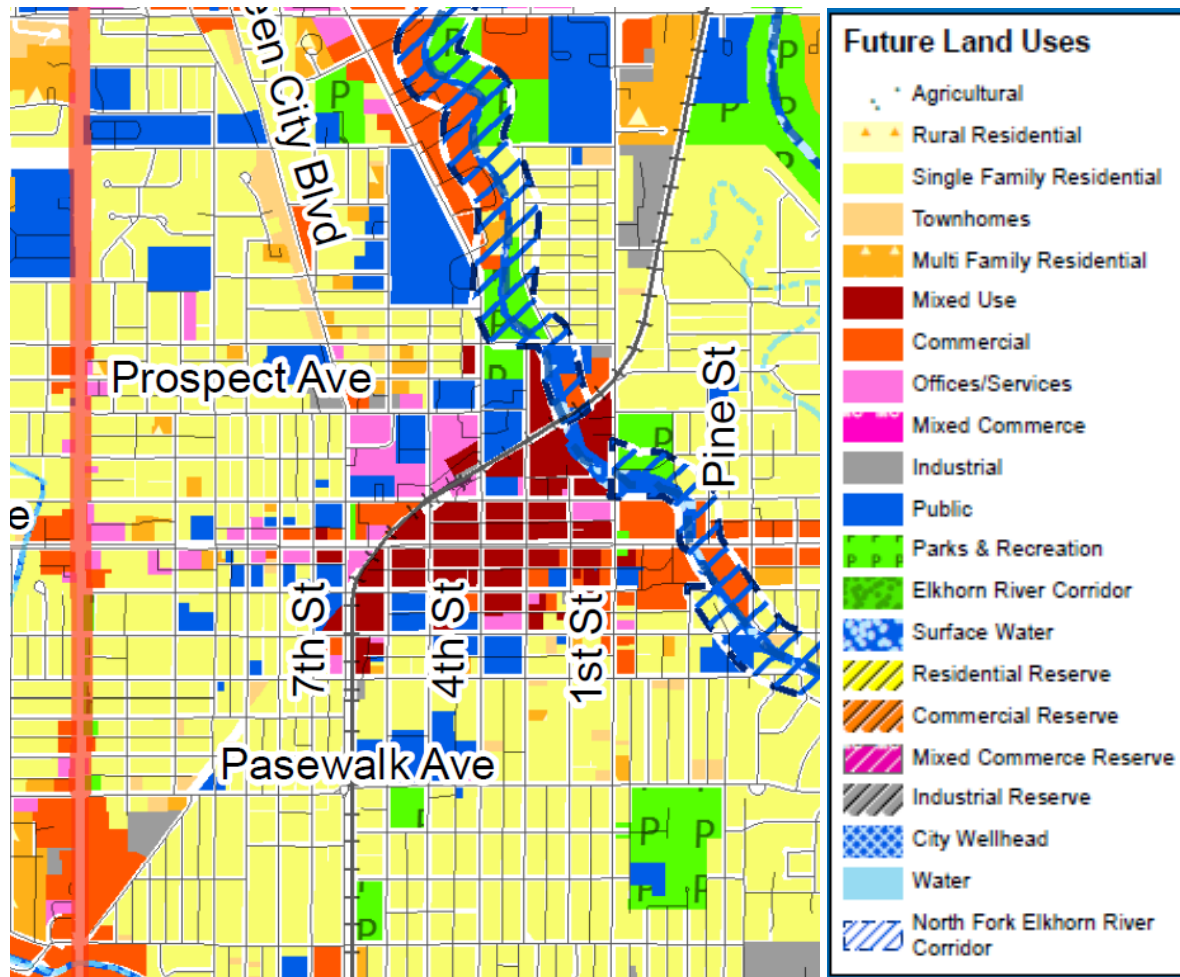
Depiction and Current Condition (outlined in red):



Exhibit "A-1"

EXHIBIT "B"

Future Land Use Map

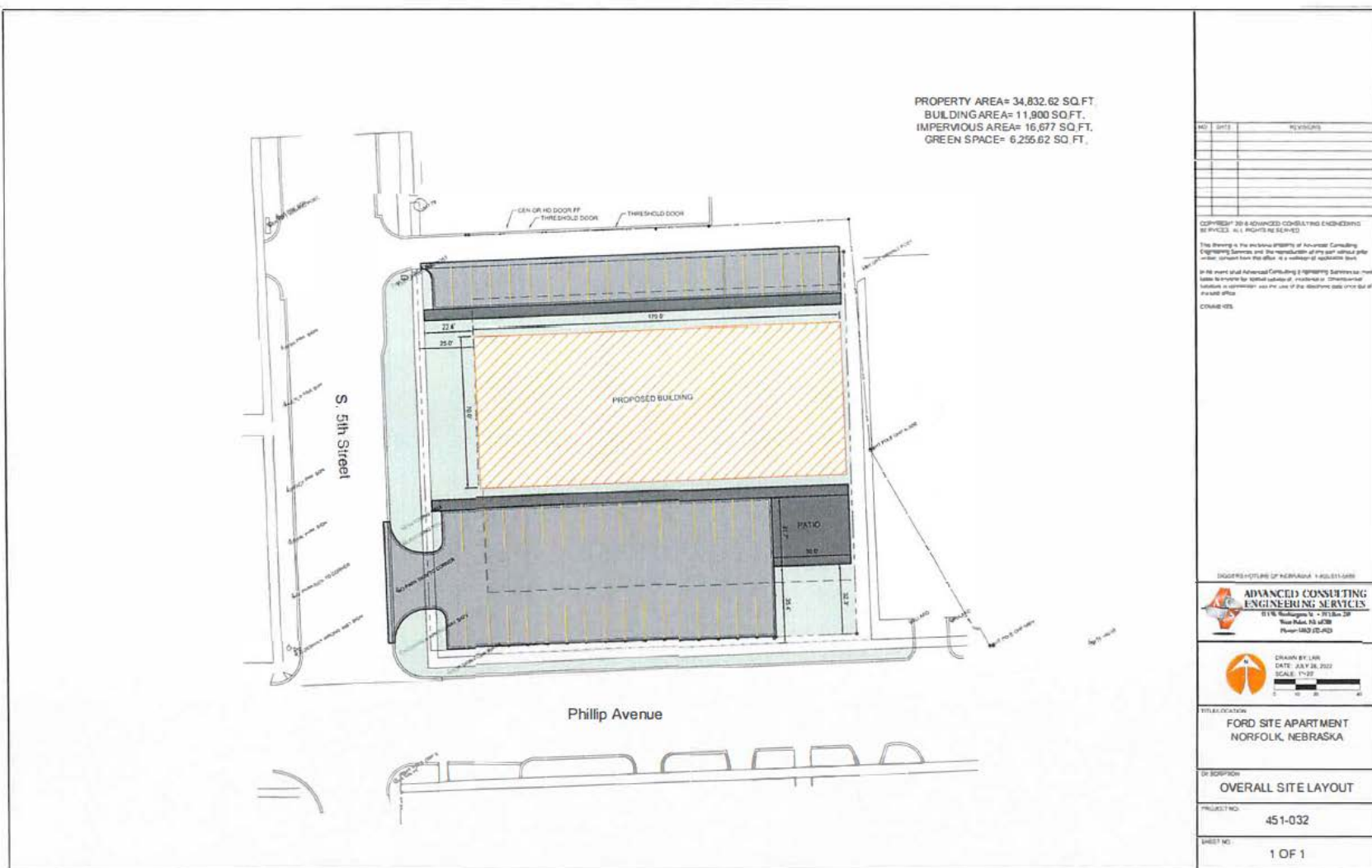


* Project Site designated as Mixed Use.

Exhibit "B"

EXHIBIT "C"

Site Plan and Future Land Use



* The above is a preliminary site plan and is subject to change.

Exhibit "C"

EXHIBIT "D"

Estimate of Construction Costs

| | |
|------------------------------|--------------------|
| Construction Cost | \$4,531,000 |
| Site Acquisition Cost | \$275,000 |
| Site Work & Demo | \$85,000 |
| Water & Sewer Infrastructure | \$52,000 |
| NPPD Infrastructure Cost | \$36,000 |
| Site Engineering | \$28,000 |
| City Legal Fee | \$10,000 |
| Legal and Admin | \$15,000 |
| Total Project Cost | \$5,032,000 |
| | |
| Owner's Equity 20% | \$1,006,400 |
| Bank Financing | \$4,025,600 |

* The above figures are estimated values based on current pricing. These preliminary estimates are subject to change, as Redeveloper has no control over the change in cost of materials and services between the time of the approval of this Redevelopment Plan and commencement of construction.

EXHIBIT "E"

Sources and Uses of TIF

USES:

| | |
|--|------------------|
| Site Acquisition | \$275,000 |
| Dirt Work and removal of building and concrete | \$85,000 |
| Water Extension | \$35,000 |
| Sewer Extension | \$17,000 |
| Electrical Lines | \$36,000 |
| Site Engineering Fees | \$28,000 |
| Legal Fees | \$25,000 |
| <hr/> | |
| TOTAL | \$501,000 |

* The above "Uses" are preliminary estimates based on current pricing and are subject to change.

SOURCES:

General Assumptions:

| | |
|----------------------|-------------|
| Base Value: | \$101,184 |
| Final Value: | \$2,950,000 |
| Tax Levy (2022): | 1.960172 |
| Annual TIF Revenues: | \$55,284 |
| Total TIF Revenues: | \$829,260 |
| TIF Indebtedness: | \$445,000 |
| Interest Rate: | 9% |

EXHIBIT "F"

Cost-Benefit Analysis (Pursuant to Neb. Rev. Stat. § 18-2113)

The cost-benefit analysis for the Redevelopment Project, as described in the attached Redevelopment Plan, which will utilize funds authorized by section 18-2147 of the Act, is provided below:

1. Tax shifts resulting from the approval of the use of funds pursuant to Section 18-2147:

The taxes generated by the base value of the Project Site will continue to be allocated between the relevant taxing jurisdictions pursuant to the Act. Only the incremental taxes created by the Redevelopment Project will be captured to pay for the project's eligible public expenditures. Since the incremental taxes would not exist without the use of TIF to support the Redevelopment Project, the true tax shift of the Redevelopment Project is a positive shift in taxes after 15 years. However, for the purposes of illustrating the incremental taxes used for TIF, the estimated 15 year tax shift for the Redevelopment Project is set forth in Exhibit "E" of the Redevelopment Plan, and is adopted hereby.

Notes:

- 1. The Projected Tax Increment is based on assumed values and levy rates; actual amounts and rates will vary from those assumptions, and it is understood that the actual tax shift may vary materially from the projected amount. The levy rate is assumed to be the 2022 levy rate. There has been no accounting for incremental growth over the 15 year TIF period.*

2. Public infrastructure and community public service needs impacts and local tax impacts arising from the approval of the Redevelopment Project:

a. Public infrastructure improvements and impacts:

The Redevelopment Project requires public infrastructure installation. The Project Site will require the construction of vehicular access from S 5th St, along with the construction and/or extension of utilities to serve the apartments on the lot. The public improvements for the Redevelopment Project will address any traffic and street infrastructure concerns that would otherwise be created by the Redevelopment Project. The Project Site will be filled and graded to provide for effective surface water runoff. The Agency and Redeveloper do not anticipate that the Redevelopment Project will have a negative impact on now-existing City infrastructure.

b. Local Tax impacts (in addition to impacts of Tax Shifts described above):

The Redevelopment Project should create material tax and other public revenue for the City and other local taxing jurisdictions. While the use of TIF will defer receipt of a majority of new ad valorem real property taxes generated by the Redevelopment Project, the Redevelopment Project should generate immediate tax growth for the City. The apartment complex will require and pay for City services. Additionally, the City will collect sales tax on a portion of the materials used for the Redevelopment Project. It is not anticipated that the Redevelopment Project will have any material adverse impact on such City services, but will generate revenue providing support for those services.

3. Impacts on employers and employees of firms locating or expanding within the boundaries of the Project Site:

The Redevelopment Project will result in the creation of two jobs within the Project Site related to apartment management/maintenance. Accordingly, it is anticipated that the Redevelopment Project will have a positive impact on employers and employees locating or expanding within the boundaries of the Project Site.

4. Impacts on other employers and employees within the City and the immediate area that is located outside of the boundaries of the Project Site:

The Redevelopment Project will provide needed apartment housing for employees that work in the downtown area. It is also anticipated that this project will provide housing for Wayne State students participating in the Growing Together Initiative. The Growing Together Initiative is aimed at keeping young people in the area as well as attracting other young people to the area. This will also benefit area employers in their ability to attract and retain workers. Accordingly, the Redevelopment Project is anticipated to have a positive impact on surrounding employers and employees.

5. Impacts on student populations of school districts within the City:

The increase of population density within the Project Site may result in an increase in school-aged children within the related school districts. However, there is no indication that the schools within the district are unable to withstand an increase in enrollment proportionate to the size of the Redevelopment Project. The school district will not receive taxes from the residences built during the time the increased taxes are utilized to pay the TIF Indebtedness. However, the school district has received state aid to education in the past. Part of the school aid formula involves assessed valuation in the school district. The valuation that generates the TIF payments

is not included in the formula and does not count against the state aid that the school district would receive. Taxes on any increase in the base value of the land will benefit the school district. After the TIF indebtedness is paid, or at the end of the respective 15 years of division of taxes, whichever is sooner, the increased valuation from the residential construction will be available to the school district. As such, Redeveloper and the Agency do not anticipate a negative impact on school districts located within the boundaries of the area of the Redevelopment Project.

6. Other impacts determined by the Agency to be relevant to the consideration of costs and benefits arising from the redevelopment project:

The Project Site is blighted and contains substandard conditions that are a detriment to the City as a whole. The Redevelopment Project will revitalize and occupy a vacant space without negatively impacting the surrounding businesses, residents or straining the public infrastructure. There are no other material impacts determined by the Agency relevant to the consideration of the costs or benefits arising from the Redevelopment Project. As such, the costs of the Redevelopment Project are outweighed by its benefits.

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